

November 24, 2004

Federal Communications Commission  
Michael K. Powell, Chairman  
445 12th Street, SW  
Washington, DC 20554

Dear Chairman Powell,

There can be no doubt that the nation's Republican and Democrat leaders in passing the Telecommunications Act of 1996, clearly sought an active FCC role in supporting competitive access to the phone networks. The phone networks the ILECs currently use were built during decades of a government protected and subsidized monopoly — with guaranteed profits from captive ratepayers. It was literally against the law for anyone else to build a competing system. The 1996 Act called for an end to that and beckoned American small business to put its shoulder to the wheel and push American into a new information age.

It was under this sky and with the FCC's blessing and encouragement that Community Internet Systems, Inc., a small business in rural Nebraska, responded to the call for competition and expended what for it was huge resources to lead the way in Internet and Broadband in rural Nebraska. When no ILEC or cable company would step up to the plate for connectivity, we first offered dial up Internet and then obtained CLEC statewide status so we could offer DSL. With no help from universal service funds or government subsidies we invested hundreds of thousands of dollars in state-of-the-art telecommunications broadband facilities and equipment. In addition to our capital investment, our efforts spawned many entrepreneurs: small businesses in PC repair, web development, e-commerce and consulting enabling people to make a living and remain viable in rural Nebraska. It is

fundamentally unfair for the government to encourage the development of a business and then reverse that decision after small businesses have placed their trust, livelihood and resources at risks relying on such encouragement.

I was among the 240 American business leaders invited by President Bush to the Economic Council in Waco, Texas in 2002. This White House recognized that small business owners are the driving force behind our nation's economy and yet the FCC Regulatory uncertainty today is forcing competitors to exit markets and eliminate small business. The end result will be especially hard hit in rural communities with higher prices, less innovation and job loss.

Now is the time for the FCC and the Bush Administration to declare emphatically that they support competition in telecom. At a minimum, the Commission should require the unbundling of DS-1 loops, transport and line sharing at cost-based rates. When we are required to pay the ILEC \$32.13/month for a 2 wire loop - no voice - and the whole 2 wire voice circuit is only \$17.50 - it is hard to provide broadband at a reasonable rate to the consumer and to add further insult - the Commissions' recent decision on line sharing may preclude it altogether. Line sharing enables the development of new technologies such as VoIP in rural communities without the prohibited cost of purchasing the entire loop and forcing investment into outdated switching technologies. Additionally such development may be prohibited because copper facilities or the second loop may not exist to purchase. Similarly, special access should be made available at TELRIC rates where it is not offered on a competitive basis. Anything short of these pro-competition mandates would be an implicit endorsement of a policy to re-monopolize the telecom industry.

Contrary to the Bells' assertions that there will not even be a small ripple effect from the D.C. Circuit's recent order in the "USTA" case, for rural communities, CLECs and small business, it is a death sentence - a monopolistic force of choice at unregulated pricing.

In the weeks since the Administration declined to appeal the D.C. Circuit Court's March 2004 decision striking down pro-competition rules, the competitive landscape has clearly been harmed. Without so much as a grandfather clause for protection, Community Internet Systems, Inc. and other pioneers like us will be forced to withdraw from markets and

terminate employees as a direct result. Investing in new technologies and VoIP will be not be an option. After responding to the call of the 1996 Act, we will be forced to abandon hard earned market opportunities, acquired with our own invested cash, to the very incumbents that refused to serve until we pioneered the industry and until universal service subsidies were available to help them purchase their infrastructure. There is something fundamentally un-American about all this.

I urge the FCC to rise in meeting this challenge as commissioners craft long-term access rules that treat those that responded to your call with fundamental fairness. Specifically, the FCC must take action that reaffirms it will not sit idly by while jobs are lost, prices rise and the progress of the past decade is undone.

We would be more than happy to provide further clarification or information of what is really happening in rural America and the impact of your rulings. I do not have the luxury of high profile lobby efforts or the expertise of wordsmithing, but we are available at your convenience to share with you the rest of the story.

Respectfully,

Linda Aerni  
President

CC: President Bush  
U.S. Senator Chuck Hagel  
U.S. Representative Lee Terry  
U.S. Senator George Voinovich  
U.S. Senator Mike DeWine  
U.S. Representative Sherrod Brown  
FCC Commissioners  
National Federation of Independent Business  
Nebraska Public Service Commission